

# Military Pay Newsletter

March 2009



## **The Making Work Pay Credit:**

The Making Work Pay credit will lower Federal Income Tax Withholding for most members. This credit was part of the American Recovery and Reinvestment Act of 2009, which became law in February 2009.

The Making Work Pay credit, available for 2009 and 2010, is 6.2 percent of a taxpayers' earned income with a maximum credit of \$800 for a married couple filing a joint return and \$400 for other taxpayers. It is phased out for married couples filing a joint return with modified adjusted gross income (AGI) between \$150,000 and \$190,000 and other taxpayers with modified AGI between \$75,000 and \$95,000.

The credit will be spread out over the year through the new withholding tables for 2009 released by the IRS. The new withholding tables were implemented for March 2009 paydays for Navy, Air Force and Army members and implemented for April 2009 paydays for Marine Corps members. Any differences in withholding due to the later Marine Corps implementation will be adjusted on the 2009 tax return.

Remember it is each tax payer's responsibility to ensure you have enough withheld to cover your tax liability. Members do not need to fill out a new W-4 to receive this tax credit. Single and married members with multiple jobs may want to submit revised W-4 forms to ensure enough withholding is held to cover the tax for the combined income. IRS Publication 919 (available at [www.irs.gov](http://www.irs.gov)) provides additional guidance for tax withholding.

The IRS also released new tables for computing the advance payment of earned income credit. These tables change the percentage formula to increase payments for some married members. The new percentage formula was implemented for March 2009 paydays for Navy, Air Force and Army members and implemented for April 2009 paydays for Marine Corps members. Any differences in advance payments of earned income credit due to the later Marine Corps implementation will be adjusted on the 2009 tax return.  
[http://www.dfas.mil/mil-news/mar2009/making\\_work\\_pay.html](http://www.dfas.mil/mil-news/mar2009/making_work_pay.html).

## Tax Time Help:

If you need a W2 or W2C and have **myPay** access, you can retrieve these tax statements electronically at <https://mypay.dfas.mil/mypay.aspx>. Tax statements available through **myPay** are approved for use by the IRS. If you have lost, do not remember or have not received a PIN, you can request **myPay** to mail/e-mail a new random temporary PIN on the **myPay** Web site.

If you do not have access to **myPay**, you can obtain a W2 or W2C by calling DFAS at 1-888-332-7411. That number can also be used if there is any problem with your W2 or W2C. However, specific instructions for Marine Corps members are listed at

<http://www.dfas.mil/militarypay/2008taxinformation/2008marinecorpstaxinformation.html>.

If you need help filing a tax return, IRS publications and forms are available at [www.irs.gov](http://www.irs.gov), or call the IRS at 1-800-829-3676. Publication 3, "Armed Forces' Tax Guide" includes information on extension of tax return deadlines and deferral of payments for military members. Unless you have an extension, 2008 tax returns are due April 15, 2009. [http://www.dfas.mil/mil-news/mar2009/tax time help.html](http://www.dfas.mil/mil-news/mar2009/tax%20time%20help.html).

## **“Active Duty Alerts’ Help Thwart Identity Theft:**

Thanks to amendments to the Fair Credit Reporting Act (FCRA), you are now able to place an “active duty alert” in your credit report. What this alert does is require creditors to verify your identity before extending credit in your name. Your credit report contains all kinds of personal information including your residence, your financial history – how you pay your bills, bankruptcy – even whether or not you’ve been sued or arrested. Consumer reporting agencies sell this information to creditors, insurers, employers and other business concerns. The information is used to evaluate credit applications, insurance, prospective employment and applications to rent a home or apartment. In short, your credit report can make you or break you.

Your credit report can be used to protect you from identity theft. It can also be used to discover identity theft which happens when identity thieves use your personal data to perpetrate fraud. They may use your personal information to open credit accounts and when the account becomes delinquent, it is reported on your credit report. Delinquent entries on your credit report affect your ability to secure credit or housing, and identity theft can take a long time to clear your record and restore your good name.

Placing an active duty alert on your credit report minimizes the likelihood of an identity theft occurrence while you are deployed or away from your customary duty station. Any credit request will then alert the business to verify your identity, and they may try to contact you directly before credit is extended to the requestor. In cases where you cannot be contacted, you can designate a representative to place or remove an alert on your behalf. Active duty alerts will stay in effect for a year unless you remove the alert sooner, or if you are deployed longer than a year, you can place another alert on your report. Another thing to remember is to update your contact information if it changes before your alert expires.

You can place or remove your active duty alert by contacting one of three nationwide consumer reporting agencies: Experian, Equifax and TransUnion. You will be asked to provide proof of your identity (e.g., your name, SSN, address or other personal information). You need only contact one company as that one is required to inform the other two, and by so doing an alert will be placed on other versions of your credit report. Here is the contact information:

Equifax: 1-800-525-6285;	<a href="http://www.equifax.com">www.equifax.com</a>
Experian: 1-888-EXPERIAN (397-3742);	<a href="http://www.experian.com">www.experian.com</a>
Transunion: 1-800-680-7289;	<a href="http://www.transunion.com">www.transunion.com</a>

Placing an active duty alert provides you the added benefit of removing your name from nationwide marketing lists and “pre-approved” credit and insurance offers. Your name will be removed from these lists for two years unless you request that your name be added back before the two years has expired.

DFAS-CL assisted the Navy and Marine Corps with their identity theft campaign by placing a message on past Leave and Earnings Statements (LES) about pre-deployment “anti-identity theft” actions service members can take. In addition to placing the active duty alert, we remind members to shred papers with personal information before they deploy. The Navy Fleet and Family Support Center or the Marine Corps Community Services Center has additional information for protecting against identity theft.

For more information about identity theft and your rights under the Fair Credit Reporting Act and the Accurate Credit Transactions Act, go to

<http://ftc.gov/credit>.

[http://www.dfas.mil/mil-news/mar2009/active\\_duty\\_alerts.html](http://www.dfas.mil/mil-news/mar2009/active_duty_alerts.html).

**Consumer Complaint Web site:**

The Department of Defense and the Federal Trade Commission (FTC) have jointly created a Web site, Military Sentinel, to collect consumer complaints from the military communities. It is not used to resolve individual complaints, but the data gathered on the site is used by law enforcement organizations to target cases for prosecution, other enforcement measures and consumer education initiatives. The site is located at <http://www.ftc.gov/sentinel/military>.

Complaints filed via Military Sentinel's secure online form are forwarded to the FTC. The complaints are reviewed by FTC staff and entered into the FTC's Consumer Information System or Identify Theft Data Clearinghouse. Military Sentinel also has links to information on consumer matters and legal assistance.

The FTC also has a site that has many publications on consumer protection, at [www.ftc.gov](http://www.ftc.gov). See "Other Publications" under the "Consumer Protection" tab or type "Military" in the search field for military related material.  
[http://www.dfas.mil/mil-news/mar2009/consumer\\_complaint\\_website.html](http://www.dfas.mil/mil-news/mar2009/consumer_complaint_website.html).

**Basic Allowance for Subsistence:**

Basic Allowance for Subsistence (BAS) rates are linked to the Agriculture Department's food-cost index. The 2009 BAS rates represent an increase of 10 percent over 2008. The new rates as of January 1, 2009 are: Officers (including commissioned officers, warrant officers and aviation cadets) \$223.04 per month; and Enlisted \$323.87 per month. Contact your local personnel office for additional information. <http://www.dfas.mil/mil-news/mar2009/BAS.html>.

## Test Your Military Pay Knowledge:

**How are rates for Continuous Aviation Career Incentive Pay for officers (and warrant officers) determined?** See article at [http://www.dfas.mil/mil-news/mar2009/aviation career incentive pay.html](http://www.dfas.mil/mil-news/mar2009/aviation%20career%20incentive%20pay.html).

Continuous Aviation Career Incentive Pay for officers (and warrant officers) is based on years of aviation service, not years of active commissioned service. The 2002 Defense Authorization Act ensured that aviators retained under stop-loss policies will not incur a step-down rate reduction if they cross a years-of-aviation-service threshold.

<b>Years of Aviation Service</b>	<b>Monthly Rate</b>
Less than 2	\$125
More than 2	156
More than 3	188
More than 4	206
More than 6	650
More than 14	840
More than 22*	585
More than 23*	495
More than 24*	385
More than 25*	250

\*Does not apply to warrant officers; they remain at \$840 per month for the remainder of their careers. Operational flying requirements: Eight years of operational flying by the 12<sup>th</sup> year of aviation service to receive continuous flight pay through 18 years of service. 10 years of operational flying by 18<sup>th</sup> year of aviation service to receive continuous flight pay through 22 years of service. 12 years of operational flying by 18<sup>th</sup> year of aviation service to receive continuous flight pay through 25 years of service. Contact your local personnel office for additional information.

What type of pay can enlisted aircrew members receive instead of hazardous duty incentive pay? See [http://www.dfas.mil/mil-news/mar2009/career enlisted flier incentive pay rates.html](http://www.dfas.mil/mil-news/mar2009/career%20enlisted%20flier%20incentive%20pay%20rates.html).

<b>Years of Aviation Service</b>	<b>Maximum Monthly Rate</b>
4 or Less	\$150
More than 4	225
More than 8	350
More than 14	400

Personnel must meet three flying requirements to be eligible for this incentive program: Six years of operational flying duty in the first 10 years of aviation service to receive continuous flight pay through 15 years of service. Nine years of operational flying duty in the first 15 years of aviation service to receive continuous flight pay through 20 years of service. 14 years of operational flying duty in the first 20 years of aviation service to receive continuous flight pay through 25 years of service. Contact your local personnel office for additional information.